

HOUSE BILL 2

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2003 Regular Session  
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(PRE-FILED)

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By: ~~Delegates Busch and Hurson~~ **Busch, Hurson, Benson, Boutin,  
Bromwell, Costa, Donoghue, Elliott, Goldwater, Hammen, Haynes,  
Hubbard, Mandel, McDonough, Morhaim, Murray, Nathan-Pulliam,  
Oaks, Pendergrass, Redmer, Rosenberg, Rudolph, Smigiel, V. Turner,  
and Weldon**

Requested: November 20, 2002  
Introduced and read first time: January 8, 2003  
Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 11, 2003

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Small Business Health Insurance Affordability Act**

3 FOR the purpose of specifying the manner in which certain health insurance benefits  
4 must be offered to certain employers; lowering the rate cap for certain health  
5 insurance benefits; requiring the Maryland Health Care Commission ~~and~~ in  
6 consultation with the Maryland Insurance Administration, ~~to study~~ conduct an  
7 analysis of and make recommendations on certain aspects of the administrative  
8 cost of health plans in the small group market; specifying the intent of the  
9 General Assembly; requiring the Maryland Health Care Commission, on or  
10 before a certain date, to prepare a report on the methodology used by the  
11 Commission in developing the Comprehensive Standard Health Benefit Plan in  
12 the small group market and the feasibility of creating a certain Basic Plan in  
13 addition to the Standard Plan; requiring the Commission to submit its report to  
14 certain committees of the General Assembly on or before a certain date; and  
15 generally relating to small group market health insurance.

16 BY repealing and reenacting, with amendments,  
17 Article - Insurance  
18 Section 15-1204 and 15-1207(c)  
19 Annotated Code of Maryland  
20 (2002 Replacement Volume and 2002 Supplement)

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Insurance**

4 15-1204.

5 (a) In addition to any other requirement under this article, a carrier shall:

6 (1) have demonstrated the capacity to administer the health benefit  
7 plan, including adequate numbers and types of administrative personnel;

8 (2) have a satisfactory grievance procedure and ability to respond to  
9 enrollees' calls, questions, and complaints;

10 (3) provide, in the case of individuals covered under more than one  
11 health benefit plan, for coordination of coverage under all of those health benefit  
12 plans in an equitable manner; and

13 (4) design policies to help ensure adequate access to providers of health  
14 care.

15 (b) A person may not offer a health benefit plan in the State unless the person  
16 offers at least the Standard Plan.

17 (c) A carrier may not offer a health benefit plan that has fewer benefits than  
18 those in the Standard Plan.

19 (d) ~~(4)~~ A carrier may offer benefits in addition to those in the Standard Plan  
20 if:

21 (1) the additional benefits:

22 [(1)] (I) are offered and priced separately from benefits specified in  
23 accordance with § 15-1207 of this subtitle; and

24 [(2)] (II) do not have the effect of duplicating any of those benefits; AND

25 (2) ~~THE STANDARD PLAN SHALL BE OFFERED TO THE EMPLOYER IN A~~  
26 ~~FORMAT TO BE DETERMINED BY THE COMMISSION THAT CARRIER:~~

27 (I) CLEARLY DISTINGUISHES THE STANDARD PLAN FROM OTHER  
28 OFFERINGS OF THE CARRIER;

29 (II) INDICATES THE STANDARD PLAN IS THE ONLY PLAN REQUIRED  
30 BY STATE LAW; AND

31 (III) SPECIFIES THAT ALL ENHANCEMENTS TO THE STANDARD  
32 PLAN ARE NOT REQUIRED BY STATE LAW.

1 (e) Notwithstanding subsection (b) of this section, a health maintenance  
2 organization may provide a point of service delivery system as an additional benefit  
3 through another carrier regardless of whether the other carrier also offers the  
4 Standard Plan.

5 (f) A carrier may offer coverage for dental care and services as an additional  
6 benefit.

7 15-1207.

8 (c) (1) Subject to paragraph (2) of this subsection, the Commission shall  
9 exclude or limit benefits or adjust cost-sharing arrangements in the Standard Plan if  
10 the average rate for the Standard Plan exceeds [12%] 10% of the average annual  
11 wage in the State.

12 (2) The Commission annually shall determine the average rate for the  
13 Standard Plan by using the average rate submitted by each carrier that offers the  
14 Standard Plan.

15 SECTION 2. AND BE IT FURTHER ENACTED, That:

16 (a) On or before January 1, 2004, the Maryland Health Care Commission, in  
17 consultation with the Maryland Insurance Administration, shall conduct an analysis  
18 of and make recommendations on the administrative cost of health plans in the small  
19 group market, including:

20 (1) the total amount and distribution of administrative costs;

21 (2) the strategies for lowering administrative costs; and

22 (3) the appropriateness of the medical loss ratios specified in §  
23 ~~15-605(c)(7) of the Health - General~~ § 15-605(c)(1) of the Insurance Article.

24 (b) It is the intent of the General Assembly that licensed entities and  
25 individuals including health insurers, nonprofit health service plans, health  
26 maintenance organizations, ~~agents, and brokers~~ and insurance producers cooperate  
27 with the Commission in the execution of the study by providing data in a timely and  
28 complete manner.

29 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before December  
30 1, 2003, the Maryland Health Care Commission:

31 (1) shall prepare a report on:

32 (i) the methodology used by the Commission in developing the  
33 Comprehensive Standard Health Benefit Plan in the small group market; and

34 (ii) the feasibility of creating a Basic Plan in addition to the  
35 Standard Plan in the small group market; and

1           (2)       shall submit its report, in accordance with § 2-1246 of the State  
2 Government Article, to the Senate Finance Committee and the House Health and  
3 Government Operations Committee.

4       SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
5 effect July 1, 2003.